#### **WASHINGTON STATE OFFICE OF FINANCIAL MANAGEMENT**

## Change in Washington Earnings, 1989-1999: A Report Based on the Census RESEARCH BRIEF NO. 27C

# Total Earnings Change For Men and Women in Washington State between 1989 and 1999

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C hange in earnings was examined by sex for all Washington State adult residents aged 18 to 64 (including those working and not working) using the data from the 1990 and 2000 five percent Public Use Microdata Sample (PUMS), which provide data on earnings in the prior year. Earnings include wage, salary, commission, bonus, and tip income from all jobs before deductions and/or net income from self-employment.<sup>1</sup>

#### Change in Male Earnings

Between 1989 and 1999 male mean earnings increased 15 percent in Washington State (see Table 1).<sup>2</sup> However, all men did not experience the same increase in earnings. There was actually a decline in men's earnings at the 10<sup>th</sup> percentile. From 1989 to 1999, the percentage of men with zero earnings increased from nine to 11 percent. While males experienced increases in earnings above the 25<sup>th</sup> percentile, the increases were not equally shared across the earnings distribution. The higher the earning percentile, the greater the dollar and percent increase in earnings between 1989 and 1999. At the 25<sup>th</sup> percentile there was a \$218 or a two percent increase in male earnings between 1989 and 1999 compared to an \$8,081 or a 13 percent increase in earnings at the 90<sup>th</sup> percentile. The gap between male earners at the 90<sup>th</sup> percentile and the 25<sup>th</sup> percentile grew by 15 percent or \$7,863 over this period. The ratio of male earnings at the 90<sup>th</sup> percentile to male earnings at the 25<sup>th</sup> percentile increased from 5.9 in 1989 to 6.5 in 1999.

Table 1 – Total Earnings in Washington State for 18-64 Year Old Males: 1989-1999,
Adjusted for Inflation (1999 dollars)

	1989	1999	Change 1 <b>999-1989</b>	% Change (1999/1989-1)
Mean	\$32,482	\$37,230	\$4,748	15%
Percentile				
10th	\$639	\$0	-\$639	_
25th	\$10,782	\$11,000	\$218	2%
50th	\$27,485	\$29,400	\$1,915	7%
75th	\$44,744	\$49,000	\$4,256	10%
90th	\$63,919	\$72,000	\$8,081	13%

Table 2 – Total Earnings in Washington State for 18-64 Year Old Females: 1989-1999, Adjusted for Inflation (1999 dollars)

	1989	1999	Change 1 <b>999-1989</b>	% Change (1999/1989-1)
Mean	\$14,478	\$18,750	\$4,272	30%
Percentile				
10th	\$0	\$0	\$0	_
25th	\$205	\$1,000	\$795	388%
50th	\$10,227	\$13,300	\$3,073	30%
75th	\$23,011	\$29,000	\$5,989	26%
90th	\$35,795	\$45,000	\$9,205	26%

The Washington State data used in this analysis come from the 1990 and 2000 five percent Public Use Microdata Sample, (PUMS). More information on these surveys can be found at the Census website: <a href="http://www.census.gov/main/www/pums.html">http://www.census.gov/main/www/pums.html</a>.

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#### **Change in Female Earnings**

Women's mean earnings increased 30 percent between 1989 and 1999 (see Table 2). Women's earnings increased dramatically across all the percentiles above the 10<sup>th</sup> percentile. Between 1989 and 1999, women's median earnings increased by 30 percent or \$3,073. At the 90<sup>th</sup> percentile, women's earnings increased by 26 percent or \$9,205.

Like men, the gap between the highest female earners and lower female earners increased between 1989 and 1999. The gap between women's earnings at the 90<sup>th</sup> percentile and women's earnings at the median increased by \$6,132 or 23 percent over this period. The ratio of female earnings at the 90<sup>th</sup> percentile to female earnings at the median decreased slightly from 3.5 in 1989 to 3.4 in 1999.

### **Change in Earnings Gap Between Men and Women**

Women's earnings as a percentage of men's earnings increased across all percentiles with earnings (see Table 3). Adult women (including those working and not working) on average earned half of what adult men earned in 1999, up six percentage points from 1989. In all of the percentiles examined, women earned more relative to men in 1999 than in 1989. Women at the median and 75<sup>th</sup> percentiles exhibited the most dramatic percentage point increase in earnings. In 1999, women at the median earned 45 percent of what men at the median earned, up eight percentage points from 1989. Women at the 75<sup>th</sup> percentile earned 59 percent of what men earned in 1999, up eight percentage points from 1989.

Table 3 – Women's Earnings as a Percentage of Men's Earnings: 1989-1999

Women's Earnings / Men's Earnings 1989 1999 Change 1999-1989 45% 50% 6% Mean Percentile 10th 0% 2% 9% 7% 25th 50th 37% 45% 8% 75th 51% 59% 8% 63% 6% 90th 56%

Women at the top of the earnings distribution earned more relative to men compared to women at the bottom of the earnings distribution.<sup>3</sup> In 1999, women at the 90<sup>th</sup> percentile earned 63 percent of what men at the 90<sup>th</sup> percentile earned. In contrast, women at the 25<sup>th</sup> percentile earned 9 percent of what men at the 25<sup>th</sup> percentile earned.

<sup>&</sup>lt;sup>1</sup> The 2000 Census topcoded wage and salary earnings at \$336,000 and self-employment earnings at \$245,000. Total earnings are the sum of these two values. The 1990 Census total earnings adjusted for inflation were topcoded at \$500,320 (\$391,368 unadjusted).

<sup>2</sup> For more details on why mean earnings are often greater than the median earnings see <u>Total Earnings for Adults Aged 18 to 64 in 1999</u>

<sup>&</sup>lt;sup>3</sup> The percentages of women's earnings relative to men's earnings at the bottom of the income distribution are reflective of the higher rates of part-time work and no work by women compared to men.